



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY
DECEMBER 31, 2023 AND 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Combined Statements of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types For the Year Ended December, 31, 2023	5
Combined Statements of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Proprietary Fund Types For the Year Ended December, 31, 2023	6
Combined Statements of Additions, Deductions, and Changes in Fund Balances (Cash Basis) – All Fiduciary Fund Types For the Year Ended December, 31, 2023	7
Notes to the Basic Financial Statements	8
Combined Statements of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types For the Year Ended December, 31, 2022	17
Combined Statements of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Proprietary Fund Types For the Year Ended December, 31, 2022	18
Combined Statements of Additions, Deductions, and Changes in Fund Balances (Cash Basis) – All Fiduciary Fund Types For the Year Ended December, 31, 2022	19
Notes to the Basic Financial Statements	20
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	31
Schedule of Findings.....	33
Prepared by Management:	
Summary Schedule of Prior Audit Findings	35

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Lordstown
Trumbull County
1455 Salt Springs Road SW
Warren, Ohio 44481

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Lordstown, Trumbull County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2024

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Village of Lordstown, Ohio
Trumbull County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Total
Cash Receipts					
Property and Other Local Taxes	\$1,089,297	\$0	\$0	\$0	\$1,089,297
Municipal Income Tax	3,625,015	1,241,495	0	0	4,866,510
Intergovernmental	99,838	366,942	0	0	466,780
Charges for Services	297,078	11,195	0	0	308,273
Fines, Licenses and Permits	186,222	1,430	0	0	187,652
Contributions, Gifts, and Donations	0	0	0	5,550	5,550
Earnings on Investments	280,792	64,521	0	0	345,313
Miscellaneous	65,796	19,868	0	80,599	166,263
<i>Total Cash Receipts</i>	<u>5,644,038</u>	<u>1,705,451</u>	<u>0</u>	<u>86,149</u>	<u>7,435,638</u>
Cash Disbursements					
Current:					
Security of Persons and Property	3,025,599	3,575	0	0	3,029,174
Public Health Services	36,219	16,348	0	0	52,567
Leisure Time Activities	328,044	0	0	0	328,044
Community Environment	218,970	0	0	0	218,970
Transportation	0	753,915	0	0	753,915
General Government	2,515,533	0	0	0	2,515,533
Capital Outlay	6,185	300,247	0	200,275	506,707
Debt Service:					
Principal Retirement	0	0	919,089	0	919,089
Interest and Fiscal Charges	0	0	142,833	0	142,833
<i>Total Cash Disbursements</i>	<u>6,130,550</u>	<u>1,074,085</u>	<u>1,061,922</u>	<u>200,275</u>	<u>8,466,832</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(486,512)	631,366	(1,061,922)	(114,126)	(1,031,194)
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	0	0	0	19,571	19,571
<i>Net Change in Fund Cash Balances</i>	(486,512)	631,366	(1,061,922)	(94,555)	(1,011,623)
<i>Fund Cash Balances, January 1</i>	<u>4,812,633</u>	<u>1,309,092</u>	<u>4,349,128</u>	<u>369,398</u>	<u>10,840,251</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,326,121</u>	<u>\$1,940,458</u>	<u>\$3,287,206</u>	<u>\$274,843</u>	<u>\$9,828,628</u>

See accompanying notes to the financial statements

Village of Lordstown, Ohio
Trumbull County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

	Total Enterprise
Operating Cash Receipts	
Charges for Services	\$6,031,132
Fines, Licenses and Permits	131,303
Miscellaneous	23,343
	6,185,778
<i>Total Operating Cash Receipts</i>	<i>6,185,778</i>
Operating Cash Disbursements	
Personal Services	291,925
Employee Fringe Benefits	105,679
Contractual Services	537,753
Supplies and Materials	4,697,257
Other	3,573
	5,636,187
<i>Total Operating Cash Disbursements</i>	<i>5,636,187</i>
<i>Operating Income (Loss)</i>	<i>549,591</i>
Non-Operating Receipts (Disbursements)	
Capital Grants	252,687
Lordstown Water Distribution System Disbursements (See Note 13)	(2,501,316)
Capital Outlay	(301,476)
	(2,550,105)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(2,550,105)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(2,000,514)</i>
<i>Fund Cash Balances, January 1</i>	<i>4,605,135</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,604,621</i>

See accompanying notes to the financial statements

Village of Lordstown, Ohio
Trumbull County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Types
For the Year Ended December 31, 2023

	Fiduciary Fund Types		
	Private Purpose Trust	Other Custodial	Total
Additions			
Earnings on Investments	\$494	\$0	\$494
Deposits Received	0	13,595	13,595
Amounts Held for Employees	0	25,414	25,414
<i>Total Additions</i>	494	39,009	39,503
Deductions			
Distribution of Deposits	0	9,950	9,950
Distribution on Behalf of Employees	0	18,433	18,433
<i>Total Deductions</i>	0	28,383	28,383
<i>Net Change in Fund Cash Balances</i>	494	10,626	11,120
<i>Fund Cash Balances, January 1</i>	7,500	41,742	49,242
<i>Fund Cash Balances, December 31</i>	\$7,994	\$52,368	\$60,362

See accompanying notes to the financial statements

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Lordstown, Trumbull County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations and police services. The Village appropriates general fund money to support a part-time and volunteer fire department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant special revenue fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Levy The fire levy special revenue fund is used to account for and report voter approved income taxes that are restricted for fire and ambulance operations.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant debt service fund:

East Side Sewer Fund – To account for and report proceeds of debt restricted for the payment of the East Side Sewer Project.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Capital Improvement Fund – To account for and report various revenues which are restricted for various capital improvements.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant enterprise funds:

Water Fund To account for and report charges for services from residents to cover water service costs.

Sewer Fund To account for and report charges for services from residents to cover sewer service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust funds are for the benefit of certain individuals (Yeager, Lee and Morgan Endowments).

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for employee contributions to a third party and deposits for other entities.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund/function/object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2023 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$7,159 are reflected as miscellaneous revenue in the OneOhio Opioid Special Revenue Fund in the accompanying financial statements.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the East Side Sewer debt service fund by \$339,331 at the end of 2023.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,088,485	\$5,644,038	\$555,553
Special Revenue	650,558	1,705,451	1,054,893
Capital Projects	3,000	105,720	102,720
Enterprise	6,142,520	6,438,465	295,945
Private Purpose Trust	98	494	396
Custodial	42,200	39,009	(3,191)
Total	\$11,926,861	\$13,933,177	\$2,006,316

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,939,837	\$6,685,275	\$2,254,562
Special Revenue	1,859,205	1,091,170	768,035
Debt Service	722,591	1,061,922	(339,331)
Capital Projects	369,398	209,734	159,664
Enterprise	9,781,727	8,524,820	1,256,907
Private Purpose Trust	98	0	98
Custodial	47,900	30,383	17,517
Total	\$21,720,756	\$17,603,304	\$4,117,452

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposits and investments accounts are as follows:

	2023
Demand Deposits	\$10,499,786
STAR Ohio	1,993,825
Total Carrying Amount of Deposits and Investments	\$12,493,611

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$30,508 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2023, \$853,600 of the Village's total bank balance of \$11,348,123 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Village's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time Police Officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent, of their gross salaries and the Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission		
Tait Road Sanitary Sewer Project	\$241,615	0%
Ohio Water Development Authority Loan		
East Side Sewers I (4857)	2,350,213	2.76%
East Side Sewers II (5000)	276,845	2.86%
East Side Sewers III (5336)	225,814	2.75%
Subtotal	2,852,872	
Total	\$3,094,487	

The Ohio Public Works Commission loans relate to the Tait Road Sanitary Sewer Project. The total loan amount disbursed for this project was \$878,600. This loan is interest free and will be repaid in semi-annual installments over 20 years.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Water Development Authority (OWDA) loans relate to the East Side Sanitary Sewer Project. The original loan was approved for \$8,547,011 at an interest rate of 2.76 percent, the first supplemental loan was approved for \$1,000,000 at an interest rate of 2.86 percent and the second supplemental loan was approved for \$790,467 at an interest rate of 2.75 percent. All loans will be repaid in semi-annual installments over 20 years. The Village made three payments on these loans during 2023.

Loans are collateralized by general tax revenues and sewer receipts of the Village.

Amortization

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OPWC	OWDA Loans	
	Loans	Principal	Interest
2024	\$43,930	\$603,818	\$74,842
2025	43,930	620,654	58,008
2026	43,930	637,957	40,703
2027	43,930	655,745	22,916
2028	43,930	334,698	4,636
2029	21,965	0	0
Total	\$241,615	\$2,852,872	\$201,105

Note 11 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Unclaimed Monies	\$6,731	\$0	\$0	\$0	\$6,731
Outstanding Encumbrances	554,725	17,085	0	9,459	581,269
<i>Total</i>	<u>\$561,456</u>	<u>\$17,085</u>	<u>\$0</u>	<u>\$9,459</u>	<u>\$588,000</u>

The fund balance of special revenue funds are either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Lordstown Water Distribution System Improvements

As of December 31, 2023, the Village’s Water Distribution System Improvements project has been completed. The improvements included (i) installation of a new 3.0 million gallon elevated water tank, booster pumping station and related site improvements to support its construction and operations, (ii) extending a 24-inch water main from the existing water main on Tod Avenue to the new elevated water tank, (iii) extending a 24-inch water main from the new elevated water tank to the south to provide service to the Development Project and other potential customers, (iv) making necessary adjustments to the Mahoning Valley Sanitary District (MVSD) meter vault and (v) providing coordination services during design and construction of the Trumbull County Sanitary Engineer’s waste water system improvements when such services are needed to protect the Village of Lordstown. The total completed project costs were \$15,063,869. Of this total, \$14,751,724 was funded through an agreement with Ultium Cells, LLC. The remaining project costs of \$312,145 were funded through the Ohio Department of Development (ODOD) in the form of a forgivable direct loan. As of December 31, 2023, two draws totaling \$252,687 have been made leaving the final draw of \$59,458 to be requested.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Village of Lordstown, Ohio
Trumbull County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$605,917	\$0	\$0	\$0	\$605,917
Municipal Income Tax	3,983,782	397,444	0	0	4,381,226
Intergovernmental	82,156	606,251	0	294,047	982,454
Charges for Services	379,179	9,350	0	0	388,529
Fines, Licenses and Permits	182,041	1,272	0	0	183,313
Contributions, Gifts, and Donations	3,209	0	0	0	3,209
Earnings on Investments	55,680	12,811	0	0	68,491
Miscellaneous	15,812	2,502	0	0	18,314
<i>Total Cash Receipts</i>	<u>5,307,776</u>	<u>1,029,630</u>	<u>0</u>	<u>294,047</u>	<u>6,631,453</u>
Cash Disbursements					
Current:					
Security of Persons and Property	2,322,780	154,464	0	452,870	2,930,114
Public Health Services	32,533	14,711	0	0	47,244
Leisure Time Activities	346,953	0	0	29,628	376,581
Community Environment	218,732	0	0	0	218,732
Transportation	0	818,801	0	41,955	860,756
General Government	1,257,346	0	0	20,317	1,277,663
Capital Outlay	8,500	0	0	294,047	302,547
Debt Service:					
Principal Retirement	0	0	327,719	0	327,719
Interest and Fiscal Charges	0	0	55,542	0	55,542
<i>Total Cash Disbursements</i>	<u>4,186,844</u>	<u>987,976</u>	<u>383,261</u>	<u>838,817</u>	<u>6,396,898</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,120,932</u>	<u>41,654</u>	<u>(383,261)</u>	<u>(544,770)</u>	<u>234,555</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	0	0	0	33,954	33,954
Transfers In	0	7,036	0	700,000	707,036
Transfers Out	(706,941)	0	0	0	(706,941)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(706,941)</u>	<u>7,036</u>	<u>0</u>	<u>733,954</u>	<u>34,049</u>
<i>Net Change in Fund Cash Balances</i>	413,991	48,690	(383,261)	189,184	268,604
<i>Fund Cash Balances, January 1</i>	<u>4,398,642</u>	<u>1,260,402</u>	<u>4,732,389</u>	<u>180,214</u>	<u>10,571,647</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,812,633</u>	<u>\$1,309,092</u>	<u>\$4,349,128</u>	<u>\$369,398</u>	<u>\$10,840,251</u>

See accompanying notes to the financial statements

Village of Lordstown, Ohio
Trumbull County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Types
For the Year Ended December 31, 2022

	Total Enterprise
Operating Cash Receipts	
Charges for Services	\$6,007,588
Fines, Licenses and Permits	117,093
Miscellaneous	18,322
	6,143,003
<i>Total Operating Cash Receipts</i>	<i>6,143,003</i>
Operating Cash Disbursements	
Personal Services	285,896
Employee Fringe Benefits	107,069
Contractual Services	344,664
Supplies and Materials	4,119,280
	4,856,909
<i>Total Operating Cash Disbursements</i>	<i>4,856,909</i>
<i>Operating Income (Loss)</i>	<i>1,286,094</i>
Non-Operating Receipts (Disbursements)	
Sale of Capital Assets	1,126
Lordstown Water Distribution System Disbursements (See Note 13)	(5,067,444)
Capital Outlay	(669,142)
	(5,735,460)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(5,735,460)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(4,449,366)</i>
<i>Fund Cash Balances, January 1</i>	<i>9,054,501</i>
<i>Fund Cash Balances, December 31</i>	<i>\$4,605,135</i>

See accompanying notes to the financial statements

Village of Lordstown, Ohio
Trumbull County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Types
For the Year Ended December 31, 2022

	Fiduciary Fund Types		
	Private Purpose Trust	Other Custodial	Combined Total
Additions			
Earnings on Investments	\$95	\$0	\$95
Deposits Received	0	1,250	1,250
Amounts Held for Employees	0	27,355	27,355
<i>Total Additions</i>	95	28,605	28,700
Deductions			
Distribution of Deposits	0	1,250	1,250
Distribution on Behalf of Employees	0	27,355	27,355
<i>Total Deductions</i>	0	28,605	28,605
<i>Income (Loss) before Transfers</i>	95	0	95
Transfers Out	(95)	0	(95)
<i>Net Change in Fund Cash Balances</i>	0	0	0
<i>Fund Cash Balances, January 1</i>	7,500	41,742	49,242
<i>Fund Cash Balances, December 31</i>	<u>\$7,500</u>	<u>\$41,742</u>	<u>\$49,242</u>

See accompanying notes to the financial statements

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Lordstown, Trumbull County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations and police services. The Village appropriates general fund money to support a part-time and volunteer fire department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant special revenue fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant debt service fund:

East Side Sewer Fund – To account for and report proceeds of debt restricted for the payment of the East Side Sewer Project.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Capital Improvement Fund – To account for and report various revenues which are restricted for various capital improvements.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant enterprise funds:

Water Fund To account for and report charges for services from residents to cover water service costs.

Sewer Fund To account for and report charges for services from residents to cover sewer service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs.

The Village’s private purpose trust funds are for the benefit of certain individuals (Yeager, Lee and Morgan Endowments).

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village’s custodial funds account for employee contributions to a third party and deposits for other entities.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund/function/object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,824,866	\$5,307,776	\$1,482,910
Special Revenue	987,855	1,036,666	48,811
Capital Projects	1,028,001	1,028,001	0
Enterprise	6,144,129	6,144,129	0
Private Purpose Trust	95	95	0
Custodial	28,605	28,605	0
Total	\$12,013,551	\$13,545,272	\$1,531,721

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,384,678	\$5,018,445	\$2,366,233
Special Revenue	1,992,534	1,423,823	568,711
Debt Service	722,591	383,261	339,330
Capital Projects	1,072,257	956,348	115,909
Enterprise	14,845,963	13,261,820	1,584,143
Private Purpose Trust	121	95	26
Custodial	33,005	28,605	4,400
Total	\$26,051,149	\$21,072,397	\$4,978,752

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2023
Demand Deposits	<u>\$13,599,939</u>
STAR Ohio	<u>1,894,689</u>
Total Carrying Amount of Deposits and Investments	<u><u>\$15,494,628</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$41,626 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2022, \$2,092,123 of the Village's total bank balance of \$13,800,240 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Village's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Interfund Transfers

During 2022, the general fund transferred \$700,000 and \$6,941 to the capital improvement and FEMA special revenue fund, respectively, to support operations and improvements. The private purpose trust funds transferred \$95 to the cemetery special revenue fund per trust agreements.

Note 7 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time Police Officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent, of their gross salaries and the Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission		
Tait Road Sanitary Sewer Project	\$285,545	0%
Ohio Water Development Authority Loan		
East Side Sewers I (4857)	3,071,367	2.76%
East Side Sewers II (5000)	361,539	2.86%
East Side Sewers III (5336)	295,125	2.75%
Subtotal	3,728,031	
Total	\$4,013,576	

The Ohio Public Works Commission loans relate to the Tait Road Sanitary Sewer Project. The total loan amount disbursed for this project was \$878,600. This loan is interest free and will be repaid in semi-annual installments over 20 years.

The Ohio Water Development Authority (OWDA) loans relate to the East Side Sanitary Sewer Project. The original loan was approved for \$8,547,011 at an interest rate of 2.76 percent, the first supplemental loan was approved for \$1,000,000 at an interest rate of 2.86 percent and the second supplemental loan was approved for \$790,467 at an interest rate of 2.75 percent. All loans will be repaid in semi-annual installments over 20 years. The Village only made one payment on these loans during 2022.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Loans are collateralized by general tax revenues and sewer receipts of the Village.

Amortization

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OPWC Loans	OWDA Loans	
		Principal	Interest
2023	\$43,930	\$875,160	\$142,833
2024	43,930	603,818	74,842
2025	43,930	620,654	58,008
2026	43,930	637,957	40,703
2027	43,930	655,745	22,916
2028-2029	65,895	334,697	4,636
Total	<u>\$285,545</u>	<u>\$3,728,031</u>	<u>\$343,938</u>

Note 11 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Unclaimed Monies	\$7,055	\$0	\$0	\$0	\$7,055
Outstanding Encumbrances	124,660	435,847	0	117,531	678,038
<i>Total</i>	<u>\$131,715</u>	<u>\$435,847</u>	<u>\$0</u>	<u>\$117,531</u>	<u>\$685,093</u>

The fund balance of special revenue funds are either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – Lordstown Water Distribution System Improvements

The Village has entered into a Master Agreement (Agreement) for the funding of engineering and construction costs with Ultium Cells, LLC as of September 21, 2020. The Parties are entering into this Agreement to make clear the mutual commitments with respect to engineering and construction of the infrastructure: (i) install a new 3.0 million gallon elevated water tank, booster pumping station and related site improvements to support its construction and operations, (ii) extend a 24-inch water main from the existing water main on Tod Avenue to the new elevated water tank, (iii) extend a 24-inch water main from the new elevated water tank to the south to provide service to the Development Project and other potential customers, (iv) make necessary adjustments to the Mahoning Valley Sanitary District (MVSD) meter vault and (v) provide coordination services during design and construction of the Trumbull County Sanitary Engineer’s waste water system improvements when such services are needed to protect the Village of Lordstown.

Prior to undertaking any necessary engineering and/or construction activities for Designated Improvements, the Parties shall mutually establish an overall spending budget and associated payment schedule. The Developer will fully fund such agreed to budget with payments to complete the scope of work associated with the Designated Improvements. The Village will therefore have sufficient cashflow to complete the Designated Improvements and not have to secure interim financing.

The Parties have agreed to an overall spending budget and payment schedule to complete the necessary engineering and construction activities for the Designated Improvements. Payments will be made by Ultium pursuant to purchase orders, net twenty days after Ultium’s receipt of an applicable invoice as set forth below.

Probable Total Opinion of Project Construction Costs:

	Estimated Cost
Project Description:	
Elevate Water Tank	\$5,647,000
Site Improvements	775,000
Water Main and Off-Site Improvements	3,078,000
Subtotal for Water Distribution System Improvements	9,500,000
Contingencies at 10%	950,000
Engineering, Construction and Inspections	2,342,000
Total Estimated Costs	\$12,792,000

Ultium, LLC has made total reimbursements to the Village consisting of:

Amount	Costs
\$13,167,904	Construction
983,820	Engineering
260,000	Property
340,000	Miscellaneous
\$14,751,724	

Village of Lordstown, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Lordstown
Trumbull County
1455 Salt Springs Road, SW
Warren, Ohio 44481

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Village of Lordstown, Trumbull County, (the Village) as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2024

**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

1. Financial Reporting

FINDING NUMBER 2023-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In fiscal year 2022, General Fund property and other local taxes receipts were overstated and municipal income tax receipts were understated in the amount of \$406,791.

In 2022, the Village did not include appropriations amendments in the budgetary note disclosure appropriation authority amounts. This omission resulted in the following:

- Understatement in the general fund in the amount of \$523,481
- Understatement in the special revenue fund in the amount of \$393,189
- Understatement in the capital project fund in the amount of \$325,001
- Understatement in the enterprise fund in the amount of \$249,029
- Understatement in the private purpose trust fund in the amount of \$39
- Overstatement in the custodial fund of \$4,370

In 2023, the Village did not include appropriations amendments in the budgetary note disclosure appropriation authority amounts. This omission resulted in the following:

- Understatement in the general fund in the amount of \$87,012
- Understatement in the special revenue fund in the amount of \$17,460
- Understatement in the enterprise fund in the amount of \$56,713

The Village did not have adequate controls in place to prevent or detect these errors.

The Village has corrected its financial statements and budgetary note disclosures for the errors above.

The Village should review the accounting system reports, compilation work papers, and basic financial statements as applicable to help ensure all amounts are properly classified and recorded.

Official's Response: The Village will try to do better moving forward.

2. **Expenditures Exceed Appropriations**

FINDING NUMBER 2023-002

NONCOMPLIANCE

Ohio Revised Code Section 5705.41(B) prohibits a subdivision from expending money unless it has been properly appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by the Village may not exceed appropriations at the legal level for all funds.

At the end of 2023, the Village's Sewer Debt Service Fund expenditures exceeded appropriations by \$339,331.

The Village did not have adequate controls in place to prevent or detect these errors.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Village Clerk should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Official's Response: The Village will make sure all expenditure amounts are appropriated.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Expenditures exceed appropriations	Not Corrected	Repeated finding, see schedule of findings 2023-002
2021-002	Financial Reporting	Not Corrected	Repeated finding, see schedule of findings 2023-001

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LORDSTOWN

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/1/2024

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
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